

# M e m o r a n d u m

To: Panel Members

Date: January 26, 2007

From: Diana Torres, Manager

Analyst: R. Negrete

Subject: One-Step Agreement for **VENTURA FOODS, LLC**

## **CONTRACTOR:**

- Training Project Profile: Retraining: Companies W/Out-Of-State Competition
- Legislative Priorities: Stimulating Exports/Imports  
Moving To A High Performance Workplace  
Promotion Of California's Manufacturing Workforce
- Type of Industry: Manufacturing
- Repeat Contractor: No
- Contractor's Full-Time Employees
  - *Worldwide:* 2,500
  - *In California:* 600
- ETP Trainees Represented by Union: Yes
- Name and Local Number of Union Representing ETP Trainees: International Brotherhood of Teamsters, Teamsters  
Local Union No. 630

## **CONTRACT:**

- Program Costs: \$695,232
- Substantial Contribution: \$0
- Total ETP Funding: \$695,232
- Total In-kind Contribution: \$759,500
  - *Trainee Wages Paid During Training:* \$759,500
  - *Other Contributions:* \$0
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Los Angeles, Orange, San Bernardino

## **INTRODUCTION:**

Ventura Foods, LLC (Ventura Foods), is a Delaware Limited Liability Company owned by CHS, Inc. and Wilsey Foods, Inc. It employs 2,500 employees worldwide, with 600 California employees in two manufacturing/distribution facilities in Los Angeles and the City of Industry, and a corporate headquarters in Brea, California. It will open a new manufacturing/distribution facility in August, 2007 in Ontario, California. The four facilities will be the training sites of the proposed training. The company is eligible for ETP funding as a North American Industry Classification System (NAICS) manufacturer retraining current employees.

Ventura Foods proposes to retrain 544 of its employees to implement lean manufacturing processes that will enable the company to adapt to a high performance workplace and continue to be a viable in the California economy.

## **MEETING ETP GOALS AND OBJECTIVES:**

Ventura Foods proposes training that will further the following ETP goals and objectives:

- 1) Stimulate exports in industries threatened by out-of-state competition.
- 2) Adapting to a high performance workplace.
- 3) Promote the retention of the state's manufacturing workforce.

**TRAINING PLAN TABLE:**

Grp/Trainee Type	Types Of Training	No. to Retain	No. Class/Lab Hrs.	No. CBT Hrs.	Average Cost Per Trainee	Hourly Wage After 90 Days
Job Number 1  Retrainees (Priority Industry)	MENU:  Business Skills Computer Skills Continuous Improvement Management Skills Manufacturing Skills	544	24 - 160	-0-	\$1,278	*\$12.38 - \$64.90
<b>Wages After 90-Day Retention</b>						
<b><u>Occupation</u></b>						
Production Workers Distribution Staff Administrative Staff Supervisors/Managers						
<b><u>Health Benefits Used To Meet ETP Minimum Wage:</u></b>  * Health benefits ranging from \$1.22 - \$2.35 per hour may be added to some of the Job Number 1 trainees to meet the ETP minimum hourly wage of \$12.38 per hour in San Bernardino County and \$13.51 per hour in Los Angeles and Orange counties.					<b><u>Turnover Rate</u></b>  17%	<b><u>% Of Mgrs &amp; Supervisors To Be Trained:</u></b>  18%
<b><u>Other Employee Benefits:</u></b> 401(k) plan, pension plan, life insurance, long term disability insurance, flex spending, Employee Assistance Program.						

**COMMENTS / ISSUES:**

➤ **Business Relocation**

The Employment Training Panel Policy, Business Relocation, states that:

The Panel shall encourage economic development when it adds jobs or preserves existing jobs in California. The Panel shall not use its funds to encourage business relocations from one California location to another.

In October, 2005, Ventura Foods announced plans to relocate the existing manufacturing plants and warehouses in Los Angeles (approximately 100 employees) and the City of Industry (approximately 300 employees) to a new single site manufacturing/distribution facility in Ontario. The new facility will become operational on August 1, 2007 and will optimize efficiencies and reduce expenses. From August 2007 to November 2007, existing production processes and packaging lines from Los Angeles and the City of Industry will be moved to Ontario.

**COMMENTS/ISSUES:** (continued)

Part of the City of Industry facility will remain in operation as a Research and Development Center with 14 employees. Severance packages will be offered to affected employees who do not transfer to the new facility in Ontario. The package will include a severance payment and assistance with job placement through local job training agencies. Approximately 375 jobs will be transferred to Ontario comprising the majority of trainees in this proposal. Some of the trainees are at the corporate headquarters in Brea.

Ventura Foods will commence training at the Los Angeles and City of Industry facilities and continue through its transition to the new Ontario facility. Ventura Foods understands that it will only be reimbursed for trainees who continue to be covered by the same collective bargaining agreement.

➤ ***Frontline Workers***

Four hundred and forty-seven (82 percent) of the trainees meet the Panel definition of frontline workers in accordance with Title 22 California Code of Regulations, Section 4400(ee). Ninety-seven (18 percent) of the proposed trainees are supervisors and managers.

➤ ***Union Support***

The International Brotherhood of Teamsters, Teamsters Local Union No. 630 has submitted a letter of support for the proposed training.

➤ ***Production During Training***

Ventura Foods agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold.

**RECOMMENDATION:**

Staff recommends that the Panel approve this Agreement because it will enable Ventura Foods to implement lean manufacturing processes at its four facilities to adapt to a high performance workplace that will result in the retention of manufacturing jobs in California.

**NARRATIVE:**

Ventura Foods, makes shortenings, margarine, mayonnaise, salad dressings, sauces, and retail oils. The company also makes soup and flavor bases and concession items such as popcorn and popping oil. Ventura Foods sells to food service, retail, private-label and industrial clients, and the California plants ship 20 percent of the company's sales.

Ventura Foods will invest \$15 million dollars in new equipment to automate processes, packaging, and material handling at the Ontario facility. This includes new technology from Germany for processing mayonnaise; new automated processing decks for margarines and shortening, and new computerized recipe systems for dressings. Ventura Foods will train the workforce on the new processes and packing lines, the use lean manufacturing principles, and the new Enterprise Resource Planning system.

**NARRATIVE:** (continued)

The company's training goals are to: develop frontline workers job skills that will improve productivity at the new Ontario facility; develop frontline workers skills that prepare them for a high performance workplace; stimulate sales by keeping costs down from increased productivity from well trained employees; and develop skilled maintenance people in-house to work on computerized and automated production equipment at the new facility.

Company management staff developed a 24 - 160 hour Menu Curriculum and includes the following training courses:

**Business Skills** will be provided to all employees to enhance their product knowledge and communication skills. Distribution and production employees will be provided inventory control, effective communications, and interpersonal skills.

**Continuous Improvement** training will be provided to all employees. Trainees will learn to work in cohesive, high performing teams to solve problems and implement process improvements. This training will increase productivity in the new plant in Ontario by allowing employees to work together and problem solve issues. This training will enable Ventura Foods to adapt a high performance workplace and increase its productivity.

**Computer Skills** training will be provided to all employees allowing them to function efficiently in a computerized environment. Trainees will become proficient in using the various software packages to achieve company productivity goals.

**Management Skills** training will assist managers and frontline supervisors to improve their leadership skills by learning delegation, coaching, time management, process mapping techniques and teamwork skills making them more effective in working with frontline workers or plant staff personnel. This training will prepare management and supervisory staff to lead subordinate employees.

**Manufacturing Skills** will be provided to production employees and to a lesser extent to managers, administrative, and distribution employees. This training will provide detailed standard operating procedures to line personnel. They will learn how they can improve overall plant operations to minimize utilities costs and improve sanitation efforts to ensure maximum plant efficiencies.

***Commitment to Training***

According to company representative, Ventura Foods does not currently have a formalized training program, but does provide new hire orientation, safety training, Microsoft products training, mandated training, new tax and accounting rules, network training for Information Technology staff. In addition it operates Ventura Tech, operated by the Marketing Department to train new sales and marketing people. Typically company-funded training is conducted as on-the-job training, or job specific training on an as-needed basis.

**NARRATIVE:** (continued)

According to company representatives, ETP-funded training will enable Ventura Foods to provide a structured company-wide training program. At the completion of the ETP-funded training, the company is committed to ongoing training for its employees. Ventura Foods will evaluate training outcomes to determine the effect on trainee development, plant productivity and future training needs. Trainers will be industry technical experts and senior personnel of Ventura Foods based in California.

**SUBCONTRACTORS:**

Chaffey College, of Rancho Cucamonga, California, in an amount to be determined to provide a portion of Manufacturing Skills class/lab training.

**THIRD PARTY SERVICES:**

Applicant representatives state that no consultant services were used in the development of the Application.

**VENTURA FOODS, LLC**

**MENU CURRICULUM**

Hours  
Class/Lab

24 - 160

Trainees will be provided any of the following:

**BUSINESS SKILLS**

Inventory Control  
Product Knowledge  
Customer Service  
Telephone Skills  
Interpersonal Skills  
Effective Communication and Negotiations  
Resolving Customer Complaints  
Time Management

**CONTINUOUS IMPROVEMENT**

Lean Enterprise/Manufacturing Training  
Six Sigma  
5S  
Leadership Skills for Frontline Workers  
Problem Solving and Decision Making  
Teamwork/Teambuilding Skills  
Total Quality Management

**COMPUTER SKILLS**

International Business Machine Model AS 400 Based Software  
JD Edward One World Enterprise Resource Planning Software  
Data Tracker (Data Warehouse)  
Kronos/ADP Payroll System  
Equipment Automation and Control Software  
Wonderware Industrial Automation Software  
Networks/LAN/WAN Skills  
Qlik View Business Intelligence Tool

**VENTURA FOODS, LLC**

MENU CURRICULUM (continued)

**MANAGEMENT SKILLS** (Supervisors and Managers only)

- Leadership Skills
- Delegation Techniques
- Managing in a High Performance Workplace
- Motivating and Coaching Employees
- Project Management
- Conflict Management
- Process Mapping

**MANUFACTURING SKILLS**

- Tank Farm Operations and Procedures
- Mayonnaise/Dressing Operations and Procedures
- Margarine/Shortening/Oil Operations and Procedures
- Sanitation Best Practices
- Equipment Maintenance
- Facilities Maintenance
- Laboratory Testing Operations
- Trouble Shooting Equipment and Processes
- Programmable Logic Controllers

<p><u>Comment:</u> The parties agree that the training identified in this Curriculum may be revised from time-to-time during the term of this Agreement at the request of Contractor and with the prior written approval of ETP. (See also Section 12 in this Agreement.)</p>
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Food, Industrial and Beverage Warehouse, Drivers  
and Clerical Employees Union

(213) 627-2178  
Fax (213) 627-0846

## Teamsters Local Union No. 630

750 So. Stanford Avenue / Los Angeles, California 90021-1468

PAUL A. KENNY  
Secretary-Treasurer

SYLVIA GARZA  
President

December 21, 2006

### Employment Training Panel

1100 J Street, 4<sup>th</sup> Floor  
Sacramento, CA 95814

Dear Panel Members,

Teamsters Local Union No. 630, affiliated with the International Brotherhood of Teamsters, fully supports Ventura Foods, LLC's proactive approach in pursuing ETP-Funding for training purposes. We support the training proposal being submitted to the Employment Training Panel by Ventura Foods, LLC.

Today's competitive and demanding markets for Ventura Foods, LLC products require modern technology, well trained employees, and thoughtful leadership. Ventura Foods, LLC's request for these training funds support these important needs for all of us to be successful.

Please feel free to contact me regarding the above letter of support at (213) 627-2178 Ext. 28.

Sincerely,

Robert M. Rios  
Divisional Representative

CC: Rosie Padilla, Ventura Foods, LLC Human Resources Manager